
SENATE BILL 6323

State of Washington 60th Legislature 2008 Regular Session

By Senators Kilmer, King, Kastama, Shin, and Rasmussen

Read first time 01/15/08. Referred to Committee on Economic Development, Trade & Management.

1 AN ACT Relating to improving the effectiveness of tax incentives
2 for eligible business projects in rural counties and community
3 empowerment zones; amending RCW 82.62.030 and 82.60.049; and providing
4 an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.62.030 and 2007 c 485 s 3 are each amended to read
7 as follows:

8 (1)(a) A person shall be allowed a credit against the tax due under
9 chapter 82.04 RCW as provided in this section. The credit shall equal:
10 (i) Four thousand dollars for each qualified employment position with
11 wages and benefits greater than forty thousand dollars annually that is
12 directly created in an eligible business project and (ii) two thousand
13 dollars for each qualified employment position with wages and benefits
14 less than or equal to forty thousand dollars annually that is directly
15 created in an eligible business project.

16 (b) For purposes of calculating the amount of credit under (a) of
17 this subsection with respect to qualified employment positions as
18 defined in RCW 82.62.010(8)(a)(ii):

1 (i) In determining the number of qualified employment positions, a
2 fractional amount is rounded down to the nearest whole number; and

3 (ii) Wages and benefits for each qualified employment position
4 shall be equal to the quotient derived by dividing: (A) The sum of the
5 wages and benefits earned for the four consecutive full calendar
6 quarter period for which a credit under this chapter is earned by all
7 of the person's new seasonal employees hired during that period; by (B)
8 the number of qualified employment positions plus any fractional amount
9 subject to rounding as provided under (b)(i) of this subsection. For
10 purposes of this chapter, a credit is earned for the four consecutive
11 full calendar quarters after the calendar quarter during which the
12 first qualified employment position is filled.

13 (2) The department shall keep a running total of all credits
14 allowed under this chapter during each fiscal year. The department
15 shall not allow any credits which would cause the total to exceed
16 ((seven)) ten million ((five hundred thousand)) dollars in any fiscal
17 year. If all or part of an application for credit is disallowed under
18 this subsection, the disallowed portion shall be carried over to the
19 next fiscal year. However, the carryover into the next fiscal year is
20 only permitted to the extent that the cap for the next fiscal year is
21 not exceeded.

22 (3) No recipient may use the tax credits to decertify a union or to
23 displace existing jobs in any community in the state.

24 (4) The credit may be used against any tax due under chapter 82.04
25 RCW, and may be carried over until used. No refunds may be granted for
26 credits under this section.

27 **Sec. 2.** RCW 82.60.049 and 2004 c 25 s 5 are each amended to read
28 as follows:

29 (1) For the purposes of this section:

30 (a) "Eligible area" also means a designated community empowerment
31 zone approved under RCW 43.31C.020 or a county containing a community
32 empowerment zone.

33 (b) "Eligible investment project" also means an investment project
34 in an eligible area as defined in this section.

35 (2) In addition to the provisions of RCW 82.60.040, the department
36 shall issue a sales and use tax deferral certificate for state and
37 local sales and use taxes due under chapters 82.08, 82.12, and 82.14

1 RCW, on each eligible investment project that is located in an eligible
2 area, if the applicant establishes that at the time the project is
3 operationally complete:

4 (a) The applicant will hire at least one qualified employment
5 position for each ((seven)) two million two hundred fifty thousand
6 dollars of investment for which a deferral is requested; and

7 (b) The positions will be filled by persons who at the time of hire
8 are residents of the community empowerment zone. As used in this
9 subsection, "resident" means the person makes his or her home in the
10 community empowerment zone. A mailing address alone is insufficient to
11 establish that a person is a resident for the purposes of this section.
12 The persons must be hired after the date the application is filed with
13 the department.

14 (3) All other provisions and eligibility requirements of this
15 chapter apply to applicants eligible under this section.

16 (4) The qualified employment position must be filled by the end of
17 the calendar year following the year in which the project is certified
18 as operationally complete. If a person does not meet the requirements
19 for qualified employment positions by the end of the second calendar
20 year following the year in which the project is certified as
21 operationally complete, all deferred taxes are immediately due.

22 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2008.

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